

OCA FILE

17 August 1989
OCA 2934-89

MEMORANDUM FOR: Director, Office of Personnel/DA
Chief, Administrative Law Division/OGC

FROM:

Legislation Division
Office of Congressional Affairs

STAT

SUBJECT: FEHBP Legislation (S.1276, 101st Congress -
Public Law No. 101-76)

1. The attached Senate Bill and Legislative transcript (discussing the House members views of similar proposed legislation) is provided for your information. The Bill passed the Senate on 31 July 1989, and was approved by the House in this version on 1 August 1989. It was presented to the President on 4 August, and he signed it into law on 11 August 1989. This law is now referred to as Public Law No. 101-76.

2. This legislation was devised as a method to temporarily bailout the Federal Employees Health Benefits Program (FEHBP) following the Aetna Insurance Company's withdrawal from FEHBP. It provides for Federal government contributions - a dollar amount equal to 60 percent of the specified six-plan premium average - to FEHBP for 1990 or 1991, if no other Government-wide indemnity benefit plan can be found to replace the gap left by Aetna's pullout. [For this reason, it acquired the nickname, "The Phantom Insurance Bill."] The result of this legislation, it is hoped, will be to protect Federal employees from increased premium costs because of Aetna's action.

3. Please contact me at [] for any questions or comments that you may have on this matter.

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Attachment

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OCA 2934-89

SUBJECT: FEHBP Legislation (S.1276, 101st Congress -
Public Law No. 101-76)

OCA/LEG/ [redacted] (17 Aug 89)

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STAT

One Hundred First Congress of the United States of America
AT THE FIRST SESSION

Begun and held at the City of Washington on Tuesday,
the third day of January, one thousand nine hundred and eighty-nine

An Act

Relating to the method by which Government contributions to the Federal employees health benefits program shall be computed for 1990 or 1991 if no Government-wide indemnity benefit plan participates in that year.

=====

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) in the administration of chapter 89 of title 5, United States Code, for contract year 1990 or 1991, in order to compute the average subscription charges under section 8906(a) of such title for such contract years, the subscription charges in effect for the indemnity benefit plan on the beginning date of each such contract year shall be deemed to be the subscription charges which--

(A) were in effect for such plan on the beginning date of the preceding contract year as adjusted under paragraph (2); or

(B) if subparagraph (A) does not apply, were deemed under this Act to have been in effect for such plan with respect to the preceding contract year as adjusted under paragraph (2).

(2) The subscription charges under paragraph (1) shall be increased or decreased (as appropriate) by the average percentage by which the respective subscription charges taken into account under paragraphs (1), (3), and (4) of such section 8906(a) for that contract year increased or decreased from the subscription charges taken into account under such paragraphs (1), (3), and (4) for the preceding contract year.

(b) Separate percentages shall be computed under subsection (a)(2) with respect to enrollments for self alone and enrollments for self and family, respectively.

(c) The provisions of this Act shall not apply to contract year 1991, if comprehensive reform legislation is enacted to amend section 8906 of title 5, United States Code, and such amendment is required to be implemented by the commencement of negotiations pertaining to rates and benefits for such contract year.

(d) Any reference in this Act to a "contract year" shall be considered to be a reference to a contract year under chapter 89 of title 5, United States Code.

(e) No later than 180 days after the date of the enactment of this Act, the Director of the Office of Personnel Management shall transmit recommendations to the Congress for comprehensive reform of the Federal Employee Health Benefits Program.

Speaker of the House of Representatives.

Vice President of the United States and
President of the Senate.

H 3188

CONGRESSIONAL RECORD — HOUSE

June 27, 1989

dice and bigotry crimes that merit our full and collective reproach.

We live in the best nation in the world. We live in a nation where people of all races, religions, and ethnic groups have gathered to live freely, democratically, and peaceably. It offends my sense of America's beauty that some 67 odd organizations, some 4,500-5,500 Klan members, some tiny and twisted groupings in the United States that could never even be called a minority—could sully the character of the United States with acts of cruel and misplaced hatred.

I ask my colleagues today to call to conscience these sinister symbols of hate, and to permit the calculation and identification of pernicious hate crimes which affront the integrity of the great American melting pot.

Mr. VENTO. Mr. Speaker, I rise in strong support of H.R. 1048, the Hate Crime Statistics Act, which I am also cosponsoring.

H.R. 1048 would require the Department of Justice to collect data on a variety of crimes aimed at victims based on their race, religion, sexual orientation and ethnicity. These crimes would include homicide, assault, robbery, burglary, theft, arson, vandalism, and threats. Data would be collected over a 6-year period from 1991 to 1996 for research and statistical purposes. Law enforcement agencies, as well as Congress and State and local legislative bodies will have access to this data which should prove to be helpful in focusing law enforcement resources on protecting victims' rights.

Mr. Speaker, in recent months we have seen an alarming increase in crimes directed at individuals because of their race, religion, sexual orientation, and ethnicity. In Portland, OR last February, a young black Ethiopian man was beaten to death by two youths who were members of a neo-Nazi group known as the skinheads. Across the Nation, police have reported increased acts of vandalism and desecration at Jewish synagogues, which have been spray-painted with antisemitic graffiti and swastikas. Violent attacks directed against gay men and women are also on the increase. All of these crimes are especially reprehensible because they involve premeditation. Their victims are not totally random, but rather specifically targeted because of their race, religion, ethnicity, or sexual orientation.

Last year, the Minnesota Legislature overwhelmingly passed similar legislation, which was signed into law by Minnesota Governor Rudy Perpich. The Minnesota law, like H.R. 1048, does not confer any new special privilege or rights to any particular group. Instead, it simply gives the government the means of gathering information which is necessary to effectively respond to hate crimes. We must send the strongest possible message that we will be intolerant of the mindless intolerance of hate crimes directed against any group in our society. I urge my colleagues to join me in voting for H.R. 1048.

Mr. BRENNAN. Mr. Speaker, today the House will consider under suspension of the rules the Hate Crime Statistics Act. I stand convinced of the need for this measure.

We in this Nation are fortunate in that the quality of life here is the best the world has to offer. Because the freedoms we enjoy directly contribute to that quality, we must fiercely protect these freedoms for one and all.

When it appears that, due to discrimination by some, certain individuals enjoy lesser free-

doms, it is our responsibility to restore equity. We now are being called upon to do so.

In past years, it has become evident that some segments of our society are being singled out as the object of violence and criminal activity simply because of their race, religion, ethnicity, or sexual orientation. It is imperative that we determine where and why these types of crimes are occurring. Because the Hate Crime Statistics Act will provide for the collection of data regarding crimes of hate and prejudice, it will allow us to eliminate this discrimination by targeting our resources against it.

In a broader sense, it will allow us to protect the freedoms that define this great Nation. I strongly urge my colleagues to join me in support of the Hate Crime Statistics Act.

Mr. MATSUI. Mr. Speaker, this Nation is facing an emerging pattern of violence motivated by racial hatred. A rising number of our constituents are being brutally victimized for no other reason than their race, religious heritage, or sexual preference.

Our daily newspapers have become dotted over recent months with stories documenting the growth of these hate crimes. The New York Times, the Los Angeles Times, the Wall Street Journal, and the Philadelphia Enquirer are but a few papers that have featured such stories.

Recent incidents include a couple that was seriously beaten as they came out of a convenience store by skinheads who mistakenly thought they were Jewish, and a cross-burning at a Tennessee high school for children of Japanese businessmen.

Mr. Speaker, clearly this bill will not immediately stop any crimes based on prejudice. But it will provide the statistical data needed by our law enforcement organizations to combat these types of activities. Hate crimes, motivated by political and social intolerance, must be distinguished from crimes motivated by other factors.

In looking for an appropriate response to this rising problem, we can begin by approving H.R. 1048 on this floor today. As a nation, we must have comprehensive, accurate, and up-to-date statistics on the number of hate crimes committed in this country. We must know more about this despicable form of violence if we are to effectively deal with this tragedy. This bill is a responsible first step.

Mr. Speaker, no longer can we turn our heads to the growing number of hate crimes occurring on our streets by calling them isolated incidents.

I urge my colleagues to support this bill that has the strong endorsements of organizations including the Fraternal Order of Police, the National Association of Police Organizations, the American Jewish Committee, and the Japanese American Citizens League, and I strongly encourage my colleagues to oppose any amendments that may weaken its scope.

Mr. McCANDLESS. Mr. Speaker, I abhor crime and acts of violence. Regardless of the motivation, a violent and criminal attack is, at the very minimum, in violation of basic human and civil rights of the victim.

The legislation before us, H.R. 1048, the Hate Crime Statistics Act, requires the Department of Justice to compile and publish data annually on the incidences of hate crimes. Hate crimes are crimes that manifest a prejudice against a category of victims. While this information may be of statistical interest, H.R. 1048 does nothing to stop crime of any

nature; does nothing to help the victims of crime; and it does nothing to punish those who are guilty of crimes. This legislation only provides statistics.

The legislation authorizes "such sums as may be necessary," which the Congressional Budget Office estimates to be from \$1 million to \$10 million per year. At a time when we are undertaking a major war on drugs, at a time when the District of Columbia has come to Congress and asked that we foot the bill for more local police officers, at a time when we must begin to rebuild the prison system in the United States, I must question the propriety of spending up to \$10 million a year to keep statistics. That money is desperately needed, and could be much more effectively used, in other anticrime programs.

In our efforts to reduce the Federal budget deficit, we must carefully set our spending priorities. While Federal anticrime efforts must be a high priority, statistics, no matter how noble the cause, should be far down on the list.

If H.R. 1048 would put an end to hate crimes, help the victims of hate crimes, or punish those who commit such crimes, I most certainly would support it. But since it does none of those things, I must oppose it.

The SPEAKER pro tempore. (Mr. Bosco). All time has expired.

The question is on the motion offered by the gentleman from New York (Mr. SCHUMER) that the House suspend the rules and pass the bill, H.R. 1048, as amended.

The question was taken.

Mr. DANNEMEYER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. SCHUMER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1048, the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

RELATING TO GOVERNMENT CONTRIBUTIONS TO FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM FOR 1990 OR 1991

Mr. FORD of Michigan. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2705) relating to the method by which Government contributions to the Federal employees health benefits program shall be computed for 1990 or 1991 if no Governmentwide indemnity benefit plan participates in that year, as amended. The Clerk read as follows:

H.R. 2705

Be it enacted by the Senate and House of Representatives of the United States of

CONGRESSIONAL RECORD — HOUSE

H 3189

insurance in Congress assembled. That (a)(1) if no contract under chapter 89 of title 5, United States Code, is entered into with an indemnity benefit plan (as referred to in section 8906(a)(2) of such title) for contract year 1990 or 1991, in order to compute the average subscription charges under section 8906(a) of such title for that contract year, the subscription charges in effect for the indemnity benefit plan on the beginning date of that contract year shall be deemed to be—

(A) the subscription charges which were in effect for such plan on the beginning date of the preceding contract year, as adjusted by paragraph (2); or

(B) if subparagraph (A) does not apply, the subscription charges which were deemed under this Act to have been in effect for such plan with respect to the preceding contract year, as adjusted by paragraph (2).

(2) The subscription charges under paragraph (1)(A) or (1)(B), as applicable with respect to the contract year involved, shall be increased or decreased (as appropriate) by the average percentage by which the respective subscription charges taken into account under paragraphs (1), (3), and (4) of section 8906(a) of title 5, United States Code, for such contract year increased or decreased from the subscription charges taken into account under such paragraphs (1), (3), and (4) for the preceding contract year.

(b) Separate percentages shall be computed under subsection (a)(2) with respect to enrollments for self alone and enrollments for self and family, respectively.

(c) Any reference in this Act to a "contract year" shall be considered to be a reference to a contract year under chapter 89 of title 5, United States Code.

THE SPEAKER pro tempore. Is a second demanded?

MR. GILMAN. Mr. Speaker, I demand a second.

THE SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

THE SPEAKER pro tempore. The gentleman from Michigan [Mr. Ford] will be recognized for 20 minutes, and the gentleman from New York [Mr. Gilman] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Michigan [Mr. Ford].

MR. FORD of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2705, a measure which addresses an unforeseen emergency situation in the Federal Employees Health Benefits Program [FEHBP].

On May 30, 1989, Aetna Life Insurance Co. notified the Office of Personnel Management that effective January 1, 1990, it will no longer offer its indemnity benefit plan to Federal employees and retirees. That notice signalled the end of a 30-year relationship with the health benefits program and means that 187,000 enrollees will have to enroll in another health insurance plan.

The impact of Aetna's decision, however, reaches far beyond those enrolled in the indemnity benefit plan. This is because Aetna's premium is used as part of the statutory formula

for calculating the Federal Government's share of health premiums.

Since Aetna has dropped out of FEHBP, the Office of Personnel Management finds itself without the six premiums it needs to calculate the Government contribution to health premiums. Absent a legislative remedy to the Aetna situation, enrollee premiums could rise by more than 30 percent in 1990.

H.R. 2705 is intended to provide such a remedy to this emergency situation. The bill maintains the status quo and, according to a cost estimate prepared by the Congressional Budget Office, would have no budgetary impact. I submit the CBO correspondence to be printed in the RECORD at this point:

ANALYSIS OF H.R. 2705

Relating to the method by which Government contributions to the Federal employees health benefits program shall be computed for 1990 and 1991 if no Government-wide indemnity benefit plan participates in that year.

Introduced on June 21, 1989 by Chairman William D. Ford of the Committee on Post Office & Civil Service (for himself, Mr. Ackerman, Mr. Gilman, and Mr. Myers of Indiana).

BACKGROUND

In order to determine the Federal Government's (employer's) share of FEHBP premiums each year, the Office of Personnel Management (OPM) is directed to determine the average total premium for six health plans. The Government's share is then a dollar amount equal to 60% of that six-plan premium average.

The six plans are:

1. Service Benefit Plan (Blue Cross/Blue Shield high option).

2. Indemnity Benefit Plan (Aetna high option).

3/4. The two largest enrollment employee organization plans.

5/6. The two largest HMOs.

Since Aetna has dropped out of FEHBP, OPM finds itself without the six premiums it needs to calculate the Government's premium share (#2 above is missing). Even without the Aetna issue, FEHBP premiums are expected to rise by approximately 15 percent. Absent a legislative remedy to the Aetna situation, enrollee premiums could rise by more than 30 percent.

PROPOSAL—A PROXY PREMIUM

In order to avoid a calculation based upon the "Big Five" instead of Big Six premiums, and a shift of \$600 million in premium costs to enrollees, the proposal would direct OPM to create a "proxy premium" for the next two years to permit a Big Six calculation. The proposal maintains the status quo and does not affect the budget deficit.

The proxy premium would reflect what Aetna's premium would otherwise be had the carrier remained in the FEHBP and the government share of FEHBP premiums would be approximately the same as if Aetna had remained in the program.

For the 1990 contract year, the proxy premium would be determined by taking Aetna's 1989 premium and increasing that premium by the average increase in the other five plans which remain part of the Big Six.

The same formula would be used for the 1991 contract year, except that the base for the 1991 proxy premium would be the proxy premium OPM created for 1990 adjusted for

the average premium increase for the other five plans for 1991.

Under the proposal, the Big Six calculation would be based upon the following:

1. Service Benefit Plan (Blue Cross/Blue Shield high option).

2. Proxy Premium (for Indemnity Benefit Plan)

3/4. The two largest enrollment employee organization plans.

5/6. The two largest HMOs.

Note that the proxy premium would be utilized only if OPM is unable to contract with another carrier for a governmentwide Indemnity Benefit Plan.

CONGRESSIONAL BUDGET OFFICE,

U.S. CONGRESS,

Washington, DC, June 27, 1989.

Hon. WILLIAM D. FORD,

Chairman, Committee on Post Office and Civil Service, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: At the request of your staff, CBO has reviewed H.R. 2705, as introduced and referred to the Committee on Post Office and Civil Service. The bill would set the method by which government contributions to the federal employees health benefits program (FEHB) would be computed for contract year 1990 or 1991 if no government-wide indemnity plan participates in that year. The bill addresses a problem created by the withdrawal of Aetna from the FEHB program effective at the end of this calendar year.

According to the method for calculating the government share of premiums (the so-called "Big Six" formula specified in Sections 8906(a) and 8906(b) of title 5, chapter 89, of the United States Code), the government share is set at the lesser of: (A) the dollar amount equal to 60% of the average of subscription charges set by the highest level of benefits offered by (1) the indemnity benefits plan (currently Aetna, high option), (2) the service benefit plan (Blue Cross/Blue Shield, high option), (3) the two largest employee organization plans, and (4) the two largest comprehensive plans (HMOs); or (B) 75% of the actual subscription charges of the plan.

The proposal mandates a method for creating a proxy for Aetna's subscription charges if the Office of Personnel Management does not contract with an indemnity plan to replace Aetna for contract (calendar) years 1990 or 1991. That method would be to calculate an average by which the subscription charges of the other five plans in the "Big Six" change (from 1989 to 1990), and to change Aetna's 1989 subscription charges by that average change. The result would be considered a proxy for Aetna's 1990 subscription charges for use in the "Big Six" formula. The government share of FEHB premiums would then be calculated as specified in current law. The same method would be used in similar fashion to calculate the government share for 1991, using the average change in the "Big Five" subscription charges from 1990 to 1991 and applying it to Aetna's subscription charges "deemed" in effect for 1990.

CBO's baseline budget projections for government payments of FEHB premiums are based on data provided by the Office of Personnel Management. The baseline assumed continuation of the "Big Six" formula for calculating the federal government's share of FEHB premiums. The method mandated by H.R. 2705 for calculating that share in the absence of an indemnity plan would closely approximate the result that is assumed in the baseline. Use of the mandated method thus is consistent with CBO's baseline projections of government payments of

H 3190

CONGRESSIONAL RECORD — HOUSE

FEHBP premium for FY 1990 through FY 1994. The proposal as drafted would therefore have no budgetary impact when measured against the CBO February baseline.

We will be pleased to answer further questions about this estimate. The CBO contact is Alan Fairbank (226-2820).

Sincerely,

ROBERT D. REISCHAUER.

To solve the dilemma facing the health benefits program, H.R. 2705 mandates a method for creating a proxy for Aetna's subscription charges. The method would be used only in the event the Office of Personnel Management does not contract with an indemnity benefit plan in place of Aetna for contract years 1990 or 1991.

The proxy premium would replicate the Aetna premium that would have been in existence had the carrier remained in the health program.

Mr. Speaker, H.R. 2705 is cosponsored by the ranking minority member of the full committee [Mr. GILMAN] and the Subcommittee on Compensation and Employee Benefits [Mr. MYERS], as well as the chairman of that subcommittee [Mr. ACKERMAN]. This bipartisan support is indicative of the bipartisan concern we share for an already ailing program. With program reform in progress, this is not the time for fiscal opportunists to take advantage of a critical situation.

As I, along with Representative ACKERMAN and Senators GLENN and PRYOR of the Senate Committee on Governmental Affairs, wrote to OPM on June 2, 1989, "The absence of Aetna from the FEHBP must, by necessity, precipitate action which safeguards enrollees from both any further erosion of plan benefits or unanticipated increases in enrollee premiums." H.R. 2705 is the appropriate action.

I urge adoption of H.R. 2705 as a means to ensure that all Federal enrollees will have uninterrupted access to high quality medical care at fair and reasonable rates.

□ 1620

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2705, the bill presently under consideration.

The SPEAKER pro tempore (Mr. Bosco). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I am pleased to rise in support of H.R. 2705, emergency legislation relating to the unexpected withdrawal of Aetna Insurance Co. from the Federal Employees Health Benefits Program. Earlier

this month, Aetna Insurance Co. announced that it was no longer offering its traditional health insurance coverage to Federal Government employees. Aetna's plan was one of two systemwide plans offering both standard and high option insurance coverage for tens of thousands of Federal employees. Aetna's pullout impacts the Federal Health Benefits Program with serious problems in terms of plan structure and contract negotiations. The legislation before us (H.R. 2705) alleviates these problems on a temporary basis by creating a proxy for Aetna's subscription charges if the Office of Personnel Management does not contract with an indemnity plan to replace Aetna for the contract years 1990 or 1991.

Mr. Speaker, the committee is presently reviewing several options for reform of the current health benefits program. Last year, we requested the Congressional Research Service to devise several strategies for FEHBP reform. CRS issued the report last month and the committee subsequently held hearings on the myriad issues it presented. The legislation before us today merely retains the status quo until the committee has had ample time to develop legislation for total program reform.

I understand the administration has begun work on their own proposal addressing the problems presented by Aetna's withdrawal from the health benefits program. I believe that we all share the same goals of stabilizing health benefit premium costs while ensuring the best health protection for Federal employees. The pending legislation was drafted with these goals in mind and our committee looks forward to entering into discussions with the administration in order to solve any problems which may currently exist in the health benefits program.

Because of the timing of Aetna's decision to withdraw coupled with pending contract negotiations, a timely legislative response is needed to ensure a smoothly run and effective health benefits open season. Time delays could hamper OPM in its contract negotiations with the insurance carriers while adversely impacting on the scheduled open season.

Mr. Speaker, health insurance is of primary concern to all Federal employees and is an important tool in recruiting and retaining a qualified and motivated workforce. The CRS report points out that Federal employees already pay more for health insurance coverage than their comparable private sector counterparts. Now is not the time to consider alternatives that would further increase enrollee costs while damaging the Federal Government's competitiveness in the workplace. The Congressional Budget Office has indicated that the proposed legislation is budget neutral and is consistent with its baseline projections. Accordingly, I urge all of our

colleagues to support H.R. 2705.

□ 1630

Mr. FORD of Michigan. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. ACKERMAN].

(Mr. ACKERMAN asked and was given permission to revise and extend his remarks.)

Mr. ACKERMAN. Mr. Speaker, I rise in strong support of H.R. 2705. This measure provides relief to the Federal Employees Health Benefits Program enrollees from an unanticipated premium increase due to the Aetna Life Insurance Co.'s decision to withdraw from the health program.

Last month, the Aetna Life Insurance Co. notified the Office of Personnel Management that, effective January 1, 1990, it will no longer participate in the FEHBP. Aetna was once the second largest carrier participating in the FEHBP. However, over the past decade, the Aetna plan has lost its younger and healthier enrollees to other plans.

As a result, Aetna was left with older, and more expensive enrollees, a fact which drove up its premium to such a level that Aetna decided it was no longer prudent to continue its participation in the program.

Aetna's decision has created substantial uncertainty with regard to the allocation of premiums between enrollees and the Federal Government because the Aetna plan was one of the six FEHBP plans used to determine the Government contribution. Enrollee costs would increase by as much as 18 percent simply as a result of Aetna's departure. This premium increase is based upon a projected recalculation of the formula used to determine the Government's contribution to each enrollee's health plan. This increase is apart from any escalation attributable to medical inflation or increased utilization of health care services.

H.R. 2705 provides that the Government contribution be calculated as if Aetna still participated in the FEHBP. The bill does not authorize the appropriation of any additional amount to the health program. It simply provides protection for Federal employees, annuitants and their dependents against a significant and unanticipated premium increase.

For those reasons, Mr. Speaker, I urge my colleagues to vote in favor of H.R. 2705.

Mr. GILMAN. Mr. Speaker, I yield 3 minutes to the gentlewoman from Maryland [Mrs. MORELLA].

Mrs. MORELLA. Mr. Speaker, I join with my colleagues, Mr. FORD, Mr. ACKERMAN, and Mr. GILMAN, in support of H.R. 2705, the FEHBP "fix" proposal. I thank the chairman and ranking member for taking this action so quickly—for time is critical.

We are forced to bring this legislation to the House floor because the

CONGRESSIONAL RECORD — HOUSE

H 3191

carrier of the Federal employees health benefit plan's indemnity plan, Aetna Life Insurance Co., has notified the Office of Personnel Management [OPM] that it would no longer participate in the Federal Employees Health Insurance Program. Some 187,000 enrollees and their families, mostly retirees, will be left without health care coverage. These people will be forced to select a new health care insurance carrier.

The problem created by the pullout is that the Indemnity plan, administered by Aetna since 1959, is part of the "Big Six" formula which is used to determine the premiums paid by federal employees.

Unfortunately, for the past several years Federal employees have been hit with high health care premium increases. As a result of the high level of uncertainty, OPM commissioned a study of the entire FEHB plan which called for a complete overhaul of the world's largest group insurance program. The FEHB plan covers more than 9 million employees, annuitants, and dependents.

The administration has informed us that it will soon present its own premium stabilization legislation. H.R. 2705 meets the same goal that the administration is pursuing: stabilize premiums for Federal employees. Until we get more information on that proposal, I support the FEHB fix legislation which is contained in H.R. 2705. This proposal maintains the status quo and does not affect the budget deficit. The Congressional Budget Office reported that H.R. 2705 is consistent with its baseline projections and would have no budgetary impact.

I hope all my colleagues will support this urgently needed legislation. We must act quickly because the Government is currently negotiating with the carriers toward establishing the 1990 rates. If we fail to act on this legislation, the Office of Personnel Management could be forced to delay the Federal employees health benefit plan annual open season for those wishing to change plans and avoids a potential shift of \$600 million in premium costs to Federal employees covered under the FEHB.

I urge prompt consideration and passage of this important legislation.

Mr. GILMAN. Mr. Speaker, I thank the gentlewoman from Maryland [Mrs. MORELLA] for her supporting arguments.

Mr. Speaker, I reserve the balance of my time.

Mr. FORD of Michigan. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio [Ms. OAKAR], a member of the subcommittee which is wrestling with the permanent solution to this problem.

Ms. OAKAR. Mr. Speaker, I want to thank my distinguished chairman and thank the ranking member, along with the gentleman from New York [Mr. ACKERMAN] and others for their say on this matter and for a quick reaction of

the implications of the big 6 provider, Aetna's decision to withdraw from the Federal Employment Health Policy Program.

Mr. Speaker, I rise in strong support of H.R. 2705 which will bring no additional costs to this year's deficit calculations. However, if we fail to act in support of this legislation, Federal employees could see as much as 30 percent increase in their own health contributions. This is in addition to the 20-percent increase they suffered last year.

I think at this point, it is interesting to take a look at what the Federal Employment Health Program really is. There are about 400 programs from which Federal employees and most of the retirees can choose, and it could be said that is wonderful to have all these options. The fact is that Federal employees, unlike the private sector, particularly the larger corporations, pay 40 percent of these premiums. I, personally, have always felt that that benefit ought to be provided for as part of the Federal employment pay package. For while they have this opportunity, they have seen in the last 8 or 9 years a problem with respect to the quality and quantity of health care delivery, and they have seen repeated actions in an attempt to eliminate this system and replace it with the voucher system, et cetera.

If we do not act in this way, because we are dealing with a very, very wide spectrum type program, we really have to act expeditiously and deal with this problem of having one of the major providers withdraw from the Federal Health Employment Program.

□ 1640

I think time is of the essence. I know that some will say that we should have a chance to take a look at it and deal with it conscientiously. I wish there were more time. I am afraid that even though this is a fine program and even though it still needs improvement, many would be very, very upset if we do not expeditiously pass this bill, H.R. 2705. I think that if we were to be faced with any kind of a stalemate in this regard, the Federal workers, who are always the brunt of our budget cuts, and the Federal retirees and career public servants, who are the easy targets, will again bear the brunt of our inability to act.

So until we can adequately address the flaws within the Federal Health Benefits Program, let us have a unanimous vote for this legislation and spare any apprehension or anxiety on the part of our Government workers, some of whom we are having a hard time retaining because they are underpaid and undervalued. If we do not pass this legislation, this would just be another blow that we would strike at those kinds of career people in particular.

So, Mr. Speaker, I urge the support of this bill by the Members. I think it is a very, very important bill. I con-

gratulate the chairman of the committee, the subcommittee chairman, and the ranking members for their cooperation, and I hope that we can overwhelmingly support this bill and send the right signal to the Senate and to the administration that we had better act quickly.

Mr. FRENZEL. Mr. Speaker, H.R. 2705 concerns the calculation of the Federal Government's contribution to the Federal Employees Health Benefits Program. This bill retains the status quo by creating a phantom health plan to replace Aetna in the premium calculations now that Aetna has announced its withdrawal from FEHB.

Mr. Speaker, the FEHB seems to have enough cost problems already without creating a phantom plan to perpetuate those problems. I recognize that this bill is a stopgap measure designed to approximate this year's Government contribution toward employee health costs while OPM seeks to replace Aetna. The employees and the tax payers would be better served if Aetna's departure from the plan forces a long, hard look at rising health care costs both to the Government and its employees.

Instead of maintaining the high "big 6" average with this phantom plan, a "big 5" average would save the Government millions of dollars by reducing its contribution to FEHB. While this bill does not violate the Budget Act, I regret that a chance to effect budget savings is being ignored by continuing to calculate a big 6 average instead of using the big 5 that are left.

The gimmick of using a phantom plan may not violate the Budget Act, but it does violate commonsense budgeting.

Mr. FORD of Michigan. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. GILMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. VOLKMER). The question is on the motion offered by the gentleman from Michigan [Mr. Ford] that the House suspend the rules and pass the bill, H.R. 2705, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and bill, as amended, was passed.

A motion to reconsider was laid on the table.

APPROVING DESIGNATION OF THE CORDELL BANK NATIONAL MARINE SANCTUARY

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 281) to approve the designation of the Cordell Bank National Marine Sanctuary, to disapprove a term of that designation, to prohibit the exploration for, or the development or production of, oil, gas, or minerals in any area of that sanctuary, and for other purposes, as amended.

The Clerk read as follows: